

KHPA FY 2011 Budget Options

Enhancement Request: Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) Processing

Description: This proposal increases the responsibilities at the eligibility clearinghouse in order to process Medicare Savings Program applications as required by MIPPA. The contractor would perform initial processing with state staff (2 FTE) performing final eligibility determination as required by law.

Background: MIPPA requires that any Low Income Subsidy (LIS) application for Medicare Part D benefits also be considered an application for Medicaid under one of the other Medicare Savings Programs (Qualified Medicare Beneficiary, Low Income Medicare Beneficiary, and Expanded Low Income Medicare Beneficiary) regardless of the agency that processes the LIS request. For people who apply for the subsidy through the Social Security Administration (SSA), SSA will establish an electronic file transfer process to provide data to the state regarding these applications. Each record on that file is then considered to be an application for the Medicare Savings Programs. We estimate approximately 600 applications per month coming through this process. This law is effective January 1. SSA will send files after they have adjudicated the applications. The first files are expected around the middle of January. While KHPA as the single state Medicaid agency is required to begin processing those immediately, this proposal would allow us to implement by February or March.

Population Impacted: Anyone applying for LIS who is eligible for Medicare; primarily the elderly and disabled population.

Budget Impact: No additional resources were provided by the federal government for the increased effort this mandate. The increase cost is matched at the regular Medicaid administrative rate of 50%. The proposal assumes that 2 state eligibility workers would be needed in January 2010 to process the applications at the HealthWave Clearinghouse. The contract with the Eligibility Clearinghouse contractor would be amended to process the additional applications. The expenditure information below is for FY 2010:

<u>PCA Code</u>	<u>All Funds</u>	<u>SGF</u>	<u>Fee Fund</u>
Contracts (34300)	\$275,000	\$137,500	
Personnel (34100)	\$65,000	\$32,500	
Total	\$340,000	\$170,000	

The information below is for FY 2011:

<u>PCA Code</u>	<u>All Funds</u>	<u>SGF</u>	<u>Fee Fund</u>
Contracts (34300)	\$550,000	\$225,000	
Personnel (34100)	\$112,000	\$56,000	
Total	\$662,000	\$281,000	

Considerations: Elderly and disabled applications are typically processed by SRS field staff. Because Medicare Savings Programs are less complicated than other elderly and disabled programs, centralized processing of these applications allows for a more streamlined process, leveraging resources already in place.

Enhancement Request: Office of Inspector General funding

Description: The KHPA Office of Inspector General has one vacant auditor position. The approved FY 2010 budget and allocation for FY 2011 does not include sufficient State General Fund dollars to fill the position. The enhancement request includes funding to fill the position beginning July 1, 2010.

Background: The 2007 Legislature created the Office of Inspector General to audit, review and evaluate KHPA programs. This Office was authorized \$175,000 from the State General Fund in FY 2008 and 3.0 FTE positions, including the Inspector General (IG). In the FY 2009 budget revisions, the OIG added a support staff person and a data auditor. The Inspector General has an approved audit work plan based on a risk assessment of agency programs and operations. To complete the audits described in the plan, the OIG needs all three audit positions filled.

The vacancy in the IG position allowed all of the audit and associated staff positions to remain filled. One auditor left state employment over the summer. With the appointment of a new IG and reviewing prior year expenditures, there are not enough State General Fund dollars appropriated to allow the vacant position to be filled during FY 2010 or FY 2011.

The requested budget for FY 2011 includes contractual service expenditures to reflect the continuing professional education requirements for the auditing staff, professional travel, and certification requirements for the Inspector General. The contractual services budget also includes funding for professional licenses for audit software and for contracts with external accounting or audit firms to conduct financial audits. Based on the amount of State General Fund in the approved FY 2010 budget and the allocation for FY 2011, there is not sufficient funding for all of the planned audits and operational costs for the OIG.

Budget Impact: For FY 2011, the enhancement request totals \$187,348 including \$35,986 from the State General Fund. This would allow the vacant auditor position to be filled on July 1, 2010 and for planned contractual service expenditures to continue during FY 2011.

PCA Code	All Funds	SGF	Fee Fund
Salary and Wages (01400)	\$67,934	\$22,650	
Operating expenditures and contracts (01400)	\$39,314	\$13,336	
Total	\$107,248	\$35,986	

Considerations: The original appropriation of \$175,000 from the State General Fund during FY 2008 was sufficient to finance OIG operations as the office has developed. KHPA matched those funds with federal Medicaid and State Children's Health Insurance Funds and State Employee Health Benefits Plan funds. The revised FY 2009 budget included a supplemental request of \$86,143, including \$30,469 from the State General Fund.